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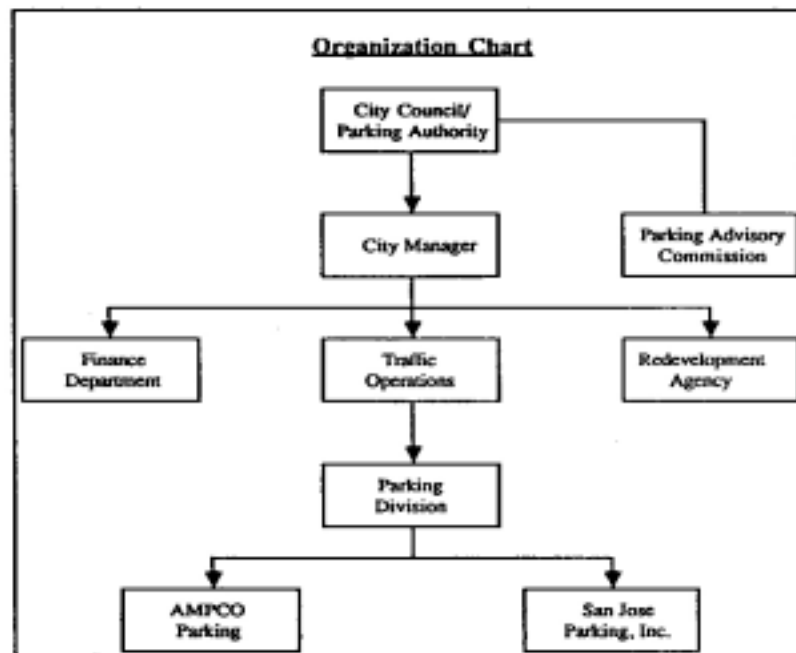
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BACKGROUND

Organization

In September 1987, the City of San Jose's Parking Operations Division was moved from the Finance Department to the Traffic Operations Department. In August 1988, a Parking Manager was hired to direct the Division. The Parking Manager is also in charge of Traffic, Parking and Transportation issues for the Redevelopment Agency. These organizational changes are indicative of an effort to consolidate all the parking functions into one City operation. (See Organization Chart.)¹



¹ The Parking Authority is a related legal entity which is comprised of the members of the San Jose City Council. The Authority was established to issue and administer the debt service of bonds used to finance the construction of certain parking garages. The Bank of America, San Francisco, is the Fiscal Agent that administers other debt service. The Parking Advisory Commission is a seven-member commission. The City Council appoints the commission members to three-year terms. The Commission makes recommendations concerning the operations of off-street parking facilities, especially in downtown San Jose.

In addition to a Parking Manager, the Parking Division has the following staff:

- 1 Parking Contract Coordinator,
- 1 Senior Account Clerk,
- 2 Account Clerk IIs
- 1 Equipment Mechanic Assistant II, and
- 2 Equipment Mechanic Assistant Is.

The City Council added four new positions in the Division's operating budget for 1989-90. They are:

- 1 Traffic Management Coordinator,
- 1 Parking Contract Coordinator,
- 1 Associate Civil Engineer, and
- 1 Staff Analyst II.

Functions

Before 1988-89, the Parking Division's functions were to:

1. Administer the operation of the City off-street and on-street parking program;
2. Operate and maintain off-street parking facilities through a contract operator;
3. Audit off-street and on-street parking revenue;
4. Collect parking meter revenue;
5. Provide maintenance of parking meters; and
6. Provide assistance in parking development.²

² 1987-88 Organization and Function Manual, City of San Jose, p. 20-0.

With the addition of the new Parking Manager to the staff, function number 6 shown above has been expanded to include:

- Planning the development and use of new facilities;
- Designing the operation and layout of new facilities; and
- Performing traffic analysis of proposed new developments.³

Enterprise Fund

The City's Parking Fund is an Enterprise Fund. "Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs and expenses (including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges."⁴

Off-street parking consists of 5,501 spaces dispersed over nine facilities. These facilities include four garages (including the new Convention Center Garage) and five surface lots. (See APPENDIX A for the Name, Hours of Operations, Short Term and Long Term Rates, and Number of Spaces of the facilities). Off-street parking accounts for 76 percent of the City's parking operating revenue.

AMPCO Auto Parks, Inc. (AMPCO) has an agreement with the City to operate and maintain seven of the nine parking facilities. The agreement is for six months and can be extended to five years at the discretion of the

³ 1988-89 Organization and Function Manual, City of San Jose, p. 20-0.

⁴ 72nd Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1988. p.111.

City. The City pays AMPCO 1.5 percent of the net revenues from these seven facilities. This management fee may not be less than \$1,900 nor more than \$3,000 each month. Additionally, the City pays AMPCO's operating expenses such as worker's salaries, insurance, and utility bills.

San Jose Parking, Inc. (SJP) operates and maintains the other two facilities. SJP receives a straight management fee of 39 percent of the gross revenues they collect. The agreement with SJP has been effective since May 1988, and will last five years with options for four additional five-year periods.

Parking meters account for the rest of the City's parking operating revenue (See APPENDIX A for the Rates and Hours of Operations of the meters). As of January 1989, there were 1,033 meters inside Parking District #1 and 727 meters outside Parking District #1.

With annual operating revenues of over \$3 million, the Parking Division has been able to pay the debt service on three revenue bonds (See APPENDIX B for Bond Service Requirements Remaining), and to operate and maintain the City's parking meters, lots and garages as is shown below.

TABLE I
PARKING OPERATIONS REVENUES AND EXPENSES
FROM 1984-85 THROUGH 1988-89

	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>Estimate 1988-89</u>
Operating Revenues:					
<i>Off-Street Parking</i>	\$2,266,595	\$1,826,515	\$2,094,974	\$2,620,620	\$2,747,832
<i>Parking Meters</i>	<u>884,991</u>	<u>742,083</u>	<u>787,788</u>	<u>805,066</u>	<u>858,624</u>
<i>Total Revenues</i>	\$3,151,586	\$2,568,598	\$2,882,762	\$3,425,686	\$3,606,456
Operating Expenses:					
<i>Operation and Maintenance</i>	\$623,981	\$568,434	\$628,239	\$732,239	\$760,740
<i>General and Administrative</i>	462,174	539,814	633,305	613,369	672,852
<i>Depreciation and Amortization</i>	282,551	283,363	395,845	506,646	482,203
<i>Materials and Supplies</i>	<u>24,968</u>	<u>29,991</u>	<u>44,854</u>	<u>32,228</u>	<u>5</u>
<i>Total Expenses</i>	\$1,393,674	\$1,421,602	\$1,702,243	\$1,884,482	\$1,915,795
Excess of Revenues Over Expenses	\$1,757,912	\$1,146,996	\$1,180,519	\$1,541,204	\$1,690,661

Source:	Comprehensive Annual Financial Reports prepared by outside auditor, and Parking Operations revenue statement for April 1989 prepared by the City's Parking Division. (Unaudited).
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In addition, money has been and will continue to be used for capital parking projects. Also, any surplus Parking funds may be used for general City purposes.

Besides net profits from parking operations, future capital parking projects will also be funded with Redevelopment Agency Tax Increment Revenues. By 1995, the City and the Redevelopment Agency plan to build about 2,500 downtown parking spaces through a combination of surface lots

⁵ Materials and Supplies for FY 1988-89 are included with the Operation and Maintenance, and the General and Administrative Expenses.

and parking structures.⁶ These parking spaces will replace some spaces that are scheduled for elimination. Overall, these new spaces will increase the number of spaces to about 6,970.

The General Purpose Parking Fund will contribute about \$5.3 million over the next five years to new parking development. The 1988-89 Five-Year Capital Budget states that the money will be spent to buy the land required to construct parking garages.

The Redevelopment Agency's contribution to new parking development over the next five years includes the following projects:⁷

PROJECT TITLE	FIVE-YEAR TOTAL
Fountain Alley Parking	\$7,350,000
Block 4 - Housing (Parking)	5,000,000
Parkway-Parking Improvements	3,000,000
Block A Parking	1,684,000
Block 3 - Public Improvements (Parking)	576,000
Guadalupe River Park - Parking Under Rte. 87	500,000
Parking Improvements	<u>90,000</u>
Total Redevelopment Funded Projects	<u>\$18,200,000</u>

⁶ 1988-89 Adopted Five-Year Capital Budget for the City of San Jose, p. C-189.

⁷ 1988-89 Adopted Five-Year Capital Budget, p. C-191.

Objectives

The Parking Manager's mission statement is to:

*"Develop a comprehensive Parking and Downtown Transportation program based on an established data base with identified policies and specific implementation strategies that integrates all aspects of the Transportation system, by coordinating parking with pedestrian and auto circulation, transit, and TSM (Transportation Systems Management)."*⁸

The key to the Parking Manager accomplishing his mission is an improved flow of information. Among other things, the Manager intends to:

1. Build an ongoing database including:
 - a. Parking Facilities Inventory and Utilization;
 - b. Parking Rates;
 - c. Monthly Revenue;
 - d. Existing and New Downtown Building Demand;
 - e. Operational Characteristics; and
 - f. Employee Travel Mode/Trip Distribution.
2. Document the status of the parking funds and analyze alternative opportunities to use the funds to improve the parking program.
3. Establish a methodology for setting parking rates and develop a new rate schedule.
4. Develop a business plan for running the parking program with optimized revenues, including increased revenues and reduced operation costs.
5. Manage the work being done by a consultant, Wilbur Smith Associates, in the preparation of a Downtown Parking Management Plan.

⁸ WORK PROGRAM, Nicholas Bevilacqua, Parking/Downtown Transportation.

The Business Plan

The Parking Manager is currently preparing a business plan for running the Parking Program. A key part of the plan is a multidimensional financial analysis of possible strategies. The Parking Manager has developed a computer spreadsheet which allows him to run different iterations of a ten-year capital budget for the Program.

Using conservative estimates, the Parking Manager has calculated the average parking demand for existing and proposed facilities, as well as for parking meters. This calculated demand is a constant in the Manager's equation. Parking rates are the variables. By using different parking rate strategies in his calculations, the Parking Manager can do various "What If..." analyses. For example, "What if..." different new facilities were built, new parking meters were installed, new equipment was bought, or existing facilities were upgraded. With this tool, the Manager can, for instance, estimate the parking rates required to raise \$5 million in revenues for a parking facility to be built five years from now. Also, the Manager can estimate if the new facility would produce sufficient revenues to fund new projects in following years.

The Parking Manager's ten-year capital budgets assume a worst-case scenario. That is, the City alone would pay for the land and the construction of the new facilities. However, the Manager sees several public/private joint development possibilities. Such possibilities are predicated on the Manager's belief that it is in private sector's best interest to have an adequate parking supply for a growing downtown.

The business plan also looks into consolidating all of the City's parking functions under the Parking Division. Such consolidation includes transferring the Parking Enforcement Unit from the Police Department to the Parking Division.

The Parking Division Prepares Operation Plans For Convention Center And Arena Events

The Parking Division prepares Operation Plans for Convention Center events. The Division will also prepare such plans for Arena events once the Arena opens. These Plans outline strategies to distribute vehicles among the parking facilities around the Convention Center and Arena. The Parking Manager has developed a methodology to estimate how many vehicles will need to be parked, where these vehicles will be coming from, which streets these vehicles will use to approach the event, and when these vehicles will arrive. Using this information, an Operation Plan is developed to pro-actively direct traffic to desired locations.

Some of the measures the Division may take to mitigate future event parking problems include:

1. Issuing maps which show event attendees the best route to take to get to convenient parking. Maps will be different for people purchasing tickets in different regions. Depending on their point of origination, event attendees will be directed to specific parking locations;
2. Setting up street signs that direct drivers to the nearest convenient parking for the event;

3. Installing video cameras at busy intersections so that a traffic manager can centrally monitor these intersections and take corrective measures;
4. Giving parking or event price discounts to people who come early or car pool; and
5. Involving area restaurants and nightclubs in pre-game and post-game activities as an enhancement for event attendees to park further from the event, arrive earlier, or leave later.

SCOPE AND METHODOLOGY

Our audit covered the City's parking operations including revenue collection and reconciliation, ticket accounting procedures, equipment maintenance, and the contracts with the two parking operators. We reviewed the Parking Manager's work program and we looked at the Wilbur Smith Associates (a consultant) "Downtown San Jose Parking Management Plan." We also attended two Parking Advisory Commission meetings during which, among other things, Parking Revenue Monthly Statements and the establishment of new parking rates were discussed. In addition, we attended the California Public Parking Professional Association's "Networking for Parking Professionals" three-day conference.

We prepared a risk assessment of the City's parking operations. By so doing, we determined what controls are in place to mitigate the threats, or unwanted events, that are intrinsic to operating parking facilities. Once we identified the controls, we tested them to make sure that they are working properly.

Our audit scope did not include a review of the parking meter function. However, we did review an ongoing criminal investigation of parking meter thefts. In addition, we did not look at the new Abandoned Auto Program or analyze the proposed transfer of parking meter enforcement from the Police Department to the Parking Division. Finally, we did not review the City's current plans and activities for the new Convention Center Garage, which opened in March 1989. However, the recommendations to improve internal controls in this report will apply to the new garage's operations.

We found that, in general, the City's Parking Division is a well-managed and growing organization. Specifically, we found that:

1. Planning for the future is given a high priority. Our review of the Parking Manager's work program and action plan, and the consultant's Management Plan showed that Parking Division management is concerned about parking demand in the future and is taking steps to address it.
2. There are sufficient checks and balances in the process used to establish off-street and on-street parking rates. Through the Parking Advisory Commission meetings, which are open to the public, and the commissioners themselves, the citizens of San Jose have a chance to voice their opinions early in the process.
3. Parking Division's management maintains a high level of visibility in the parking industry. Management has achieved this visibility by participating in parking industry organizations and networking with other parking facility managers.

FINDING I

The PARKING DIVISION NEEDS TO ENFORCE THE PROVISIONS OF ITS MANAGEMENT CONTRACT WITH SAN JOSE PARKING, INC.

Since May 1, 1988, San Jose Parking, Inc. (SJP) has been managing two of the City's nine parking facilities. Our review of the City's contract with SJP revealed that:

- The Redevelopment Agency/City did not use an Request for Proposal (RFP) process before entering into its management agreements with SJP,
- The City could pay as much as \$110,000 more per year under the terms of the SJP agreement than it would pay another contractor to manage the same parking facilities;
- Parking Division and SJP are disputing certain contract provisions that could cost the City an additional \$71,000 per year;
- The Division is not enforcing some contract provisions; and
- Absent contractor non-performance, the City cannot terminate its contract with SJP for twenty-four years.

We recommend that the Parking Division formally adopt a policy to use an RFP process before awarding future facility management contracts. In addition, the Division should require SJP to comply with the terms of its management agreement with the City.

History Of The Agreement

On February 20, 1986, the Redevelopment Agency of the City of San Jose (“Agency”) entered into an agreement (“Development Agreement”) with SJP to develop and construct the Fountain Alley Garage (“Facility”).⁹ On the same date, the City and SJP entered into an agreement to operate and manage the facility once it was completed (“Management Agreement”).¹⁰ According to the Agency’s Executive Director, these negotiated agreements were prompted by the wish of the Redevelopment Agency Board to help a local development group become self-sufficient. The group, the Downtown Development Corporation (DDC), had proposed to the Agency in the early 1980’s that the Agency build a parking garage together with street-level retail space downtown. DDC would secure the retail portion of the development. SJP got involved by offering to build the Facility quickly and inexpensively. Once the negotiations were in progress, DDC went out of business.

On April 15, 1987, the Agency and SJP amended the Development Agreement. Due to coordination problems with other public projects that were under construction in the area, the Agency decided to delay the construction of the Facility. In addition, it was agreed that SJP would no longer be involved with the construction of the Facility. Further, the Agency agreed to accept an assignment of existing SJP contracts with other project contractors, and to reimburse SJP for previous expenditures made in connection with the project. As a result, the Agency paid SJP \$325,000 as

⁹ Development and Purchase Agreement between the Redevelopment Agency of the City of San Jose and San Jose Parking, Inc.

¹⁰ 2 Management Agreement between the City of San Jose and San Jose Parking, Inc.

“full compensation for any and all losses, lost potential profits, or lost opportunities arising from the development of the project.” The Agency also reimbursed SJP \$604,263.47 for actual expenses incurred to that point. SJP would still manage the completed Facility starting in late 1988.¹¹

A subsequent development made the construction of the Facility even less desirable. When the Transit Mall opened, the County of Santa Clara changed the bus lines. All bus lines going downtown started going through the Mall, making the flow of vehicles in and out of the Facility difficult. On April 12, 1988, the Agency and SJP amended the agreements once again. In consideration for SJP’s consent to delay the project by five more years, the Agency agreed that SJP would operate and manage two existing facilities: the Fountain Alley Lot and the Block 6 Garage.¹² These two facilities were collectively referred to as the “Interim Facility”.

The Redevelopment Agency/City Did Not Put Out A Request For Proposals (RFP)

Unlike the procedure used before entering into management agreements with other parking contractors, the Agency/City did not put out a Request For Proposals (RFP) for the management agreement of the Fountain Alley Garage. The Municipal Code requires City Departments to use RFPs, “... if practicable, on all contracts or purchase orders for general services with a payment amount exceeding one thousand dollars...”¹³ For example,

¹¹ 1 Assignment, Mutual Release and Implementation Agreement (Considered to be the 1st Amendment).

¹² 2 Second Amendment to Agreement by and between the Redevelopment Agency of the City of San Jose and San Jose Parking, Inc.

¹³ 1 San Jose Code, Section 4.13.040 A, p. 740.

the City selected AMPCO to operate the City's other seven parking facilities and the Airport's parking lots using an RFP process.

The management agreement between the City and SJP was part of a negotiated agreement to build the Facility quickly. In all probability, SJP would not have agreed to develop the Facility without a management agreement as part of the package. Nonetheless, in our opinion, the management agreement for the facility should have been subjected to an RFP process in order to ensure the City of quality services at competitive prices. In the future, the Parking Division should make it a written policy to use an RFP process before awarding management contracts for its facilities.

**The City Could Pay As Much As \$110,000 More
Per Year Under The Terms Of The SJP Agreement**

SJP is now managing the Interim Facility as a result of amendments to the original management agreement. SJP receives either a management fee of 39 percent of the gross revenues or the sum of actual operating costs plus 14 percent. The election of the method of calculation for the compensation shall be in the sole discretion of SJP.¹⁴ This means of calculating SJP's management fee could cost the City an additional \$110,000 per year.

We compared the cost to the City of the parking facilities AMPCO operates and manages to the cost of the Interim Facility SJP operates and manages. For our comparison, we used a sample of seven months--July 1988 through January 1989. We took into account the management fee the City paid to the contractors, contractor reimbursed expenses (only AMPCO),

¹⁴ 2 Second Amendment to Agreement

and the City's direct maintenance and operating expenses. These expenses include the utility bills that the City pays for AMPCO but not for SJP and equipment replacement costs. We calculated that the seven AMPCO managed lots cost the City 35.1 percent of revenues, whereas, the SJP managed Interim Facility cost the City 39.7 percent of revenues.

In addition, we calculated the hypothetical cost to the City if AMPCO also operated the two facilities SJP operates. Specifically, we calculated that AMPCO's operating costs for the two additional facilities would be approximately 30 percent of revenues. When compared to the SJP cost of 39.7 percent, this 9.7 percent difference translates into approximately \$53,000 annually. In other words, the SJP agreement costs the City \$53,000 more per year than if AMPCO managed all nine lots.

This difference could be more. SJP has recently presented a budget (required to be turned in annually) to the City. In its budget, SJP estimates that it will cost them \$19,994 every month to operate the Interim Facility. If the City approves this budget and SJP does spend \$19,994 per month operating the facilities, the City could pay SJP \$110,000 per year more than it would pay if AMPCO managed all nine lots. This figure is calculated using the alternative management fee formula of:

$$\begin{aligned}\text{Management Fee} &= \text{Operating Costs} + 14\% \\ &= \$19,994 \times 114\% \\ &= \$22,793.16 \text{ per month}\end{aligned}$$

Comparing this figure to the \$13,600 that we estimate the City would pay each month if AMPCO managed the two additional facilities equates to approximately \$110,000 annually.

In our opinion, the Parking Division should not certify SJP's budget and allow for the higher management fee until SJP sends in operating cost reports detailing their costs from the start of the contract period. Absent those cost reports, SJP should be required to prove that their budgeted costs are reasonable and accurate.

The City And SJP Are Disputing Certain Contract Provisions That Could Cost The City An Additional \$71,000 Per Year

The SJP management contract is subject to varying interpretations. As a result, the City and SJP are disputing certain contract provisions.

The Two-Hour Free Parking Downtown Program (the "Validation Program") is one contract provision in dispute. Specifically, the dispute revolves around whether validated parking should be considered part of revenues when calculating SJP's management fee. SJP's contract does not address the Validation Program. SJP wants validated parking to be counted as part of the gross revenues used to calculate its management fee. Otherwise, SJP wants the Validation Program to end. The City's position is that validated parking should not be considered part of gross revenues. Further, the City contends that the agreement gives SJP an alternative means of computing its management fee that is based on costs, not revenues. This affords SJP protection in case Interim Facility revenues are too low. The alternative management fee is equal to the sum of SJP's actual operating costs plus 14 percent.

As of February 1989, SJP calculated that the City owed them \$59,682.34 plus interest for the Validation Program stamps collected since May 1988. At this rate, the Validation Program would end up costing the City an additional \$71,000 annually. This issue is currently in arbitration.

Another contract provision in dispute involves the deposit of parking receipts. SJP does not comply with the contract, which reads, “*the Contractor shall deposit daily revenues in a deposit account established in the name of the City ... Thereafter on a daily basis ... the management fee ... shall be transferred by the bank to an account established by the Contractor and City.*” Instead, SJP deposits the full amount into its account. SJP then writes a check to the City for these revenues less the 39 percent management fee and delivers the check to the City Treasury every business day. SJP’s management claims that they have attempted to comply with the agreement, but that none of the banks they contacted would transfer the management fee from the City account to SJP’s account on a daily basis.

The City is discussing this situation with SJP. The City wants SJP to deposit the parking receipts into a City account on a daily basis. Then, the City will pay SJP its management fee on a monthly basis. This is the same system the City uses with AMPCO. SJP would accept this proposal if the City also paid SJP interest on the money the City held during the month. This would cost the City about \$150 per month.

The Division Is Not Enforcing Some Contract Provisions

Our review revealed that the Parking Division is not enforcing some contract provisions. Specifically, the Division has not been charging SJP for

missing tickets as required. Also, the Division has allowed SJP to not invoice customers who either did not honor the late parker courtesy envelopes or did not pay before exiting. Additionally, SJP attendants are not wearing City-required uniforms. Finally, SJP does not turn in deposit slips, bank statements, adequate Monthly Permit Reports, operating cost reports and other reports which the Parking Division needs to monitor its parking facilities.

The Parking Division has been tracking ticket and revenue shortages in the SJP managed facilities. However, the Division has not charged SJP for these shortages. Section 5.1.1(h) of the Management Agreement between the City and SJP states:

“Contractor in the operation of said Facility shall ... Keep and maintain adequate internal controls to assure that all fees, to which City is entitled by operation of the Facility are received, accounted for and paid to the City. Discrepancies in ticket value will be paid by Contractor to City...”¹⁵

From May 1988 through February 1989, 277 tickets were missing from the Fountain Alley Lot and 224 tickets were missing from the Block Six Garage. At the maximum rate of \$9.50 per ticket, the City has potentially lost \$4,759.50 from the missing tickets.

The City has also not required SJP to follow up on nonpayments. Specifically, the City’s Off-Street Parking Procedure Manual and the new set of Rules and Regulations (dated December 16, 1988) require the parking contractors to follow up on customers who did not honor the late parker

¹⁵ Management Agreement between the City and SJP, p. 9

courtesy envelopes placed on their vehicles, or refused or could not afford to pay when exiting.

In order to be in compliance, SJP should keep a late log by lot number where late parkers (license plate numbers of vehicles still parked in the lots at closing time) should be posted on a daily basis. At the end of each month, SJP should list each late parker that has been posted three or more days. An accounts receivable list of license numbers of these late parkers should be compiled and sent to the City for a DMV listing of registered owners. SJP should also send out invoices to these parkers. In addition, when a parker does not pay, the SJP attendant should fill out a no-pay slip listing the license number. SJP should then list the license numbers and send them to the City for a DMV printout. Upon receipt of the printout, SJP should send out the invoices. Since the start of the contract, SJP has yet to invoice any nonpaying customers.

The Division has also been unable to make SJP comply with the attendant uniform requirements listed in the Rules and Regulations. Instead of wearing uniforms in “City-approved colors,” SJP attendants wear CityPark uniforms (CityPark is SJP’s parent company).

Finally, SJP does not turn in copies of deposit slips, bank statements, Revenue Vouchers, adequate Monthly Permit Reports, operating cost reports and other reports which the Parking Division uses for its internal controls. Section 5.3.5 of the Management Agreement states that SJP:

“at any and all reasonable times when requested in writing by the City, shall submit and file with City, in such form and as otherwise reasonably required by City, such reports and information...relating to costs and

expense of maintenance and operation of the Facility, the charging and collection of and the amount of parking fees and charges collected by Contractor, procedures, and other matters related to the maintenance and operation of said site and Contractor's performance of this Agreement.”¹⁶

Despite repeated Parking Division requests (verbal and written), SJP does not regularly provide copies of bank deposit slips, bank statements and Revenue Vouchers for revenue reconciliation purposes.

Since January 1989, SJP has been providing Monthly Permit reports to the City; however, the Division does not consider these reports adequate. The Rules and Regulations describe the information the City wants in the Monthly Permit reports. Besides providing the City with an itemized breakdown of permits sold for the month by rate, amount collected and account receivable, the Monthly Permit Report must include a listing of permit cards which were lost, damaged, added to the system, or removed from the system.¹⁷

In addition, Section 5.3.3 of the Management Agreement states that SJP:

“shall render to the City a correct, detailed and complete statement in writing on the form; for the period and at the times prescribed by City of: (1) the number of vehicles parked; (2) all receipts received or made by or for Contractor; and (3) the operating costs of the Facility...”¹⁸

Even though the City has asked SJP to turn in an operating cost report every month, they have submitted only one report. This report covered

¹⁶ Management Agreement between the City and SJP, p. 15

¹⁷ 2 City of San Jose Parking Operations - Rules and Regulations, p. V-2

¹⁸ Management Agreement between City and SJP, p. 14.

revenues and expenses from the start of the contract, May 1, 1988, to September 30, 1988. However, the Division did not consider this report to be adequate.

Parking Division staff have been trying to resolve their differences with SJP. Through arbitration and other discussions, the City and SJP are trying to reach a common understanding on some Management Agreement provisions. However, the Parking Division has failed to serve SJP with notice of defaults for noncompliance with certain contract provisions. Specifically, the Division should have served SJP with a notice of default for not submitting City-requested and SJP-promised monthly operating cost reports. Also, the City should have served SJP with a notice of default for not depositing parking receipts in the manner specified in the contract. Additionally, the Parking Division staff should require that SJP:

1. Pay the City for any discrepancies in ticket value;
2. Follow-up on nonpayments;
3. Require its attendants to wear City specified uniforms; and
4. Turn in copies of deposit slips, bank statements, Revenue Vouchers, adequate Monthly Permit reports and other reports which the Parking Division needs to monitor parking.

The Parking Division should serve SJP with a notice of default if it fails to comply with any of the above requirements.

**The Contract Can Be Renewed
At The Sole Discretion Of SJP**

The City's contract with SJP can be renewed at the sole discretion of SJP. The agreement is for a period of five years starting May 1988. SJP may renew the contract for three successive five-year periods. After the third option period, SJP may renew the contract for up to five more years if the Fountain Alley Garage has not been built. The duration of the contract is a result of the original Development and Management Agreements. The lender for the development required SJP to operate the facility 25 years in order to establish a "proprietary interest" in the Facility.¹⁹ Despite releasing its developer rights, SJP managed to keep the duration of the management contract intact during negotiations with the Redevelopment Agency.

As a result, the City can only terminate this contract if SJP:

"defaults with regard to any of the provisions of this Agreement and the default is not commenced to be cured within thirty (30) days after the service of the notice of default and is not cured promptly in a continuous

¹⁹ Telephone conversation with the Assistant to the Executive Director of the Redevelopment Agency.

and diligent manner within a reasonable period of time after commencement...”²⁰

In contrast, the management agreement with the other parking operator, AMPCO, has the following termination clause:

“City shall have the right to terminate this Agreement, without cause or for a material breach by Contractor of any of its obligations hereunder, by giving Contractor not less than thirty (30) days prior written notice of termination.”²¹

In our opinion, the Parking Division should serve SJP with notices of default for the non-compliance issues noted above. In addition, if SJP does not commence to cure the defaults within 30 days after the service of the notice of default, the Division should terminate its contract with SJP.

CONCLUSION

Our review of the Redevelopment Agency/City Management agreement with San Jose Parking, Inc. revealed that 1) the contract was not subjected to an RFP process, 2) the contract is more costly than the City’s other parking contracts, 3) the contract is subject to various interpretations, 4) the Parking Division is not vigorously enforcing the contract and 5) the City is restricted in its contract termination options. The Parking Division should subject future facility management contracts to an RFP process and require San Jose Parking, Inc. to comply with the terms of its agreement with the City. Absent SJP compliance, the Division should serve SJP with a notice of default and terminate the contract, if necessary.

²⁰ Management Agreement between City and SJP, p. 19.

²¹ Agreement between the City of San Jose and American Building Maintenance Industries, dba AMPCO Auto Park, Inc., for Operation and Maintenance of City of San Jose Off-Street Parking for the term January 1, 1989 through June 30, 1989.

RECOMMENDATIONS

We recommend that the Parking Operations Division:

Recommendation #1:

Formally adopt a policy to use an RFP process before awarding management contracts for its facilities. (Priority 3)

Recommendation #2:

Not certify SJP's budget until it submits detailed operating cost reports from the start of the contract period, or otherwise proves that its budgeted costs are reasonable and accurate. (Priority 2)

Recommendation #3:

Serve SJP with a notice of default for not submitting City-requested and SJP-promised monthly operating cost reports. (Priority 3)

Recommendation #4:

Either amend the deposit requirements in the contract with SJP, or serve SJP with a notice of default for not depositing parking receipts in the manner specified in the contract. (Priority 2)

Recommendation #5:

Serve SJP with a notice of default if it fails to:

- Pay the City for any discrepancies in ticket value;
- Follow up on nonpayments;
- Require that its attendants wear City-specified uniforms; and
- Turn in copies of deposit slips, bank statements, Revenue Vouchers, adequate Monthly Permit reports and other reports which the Parking Division uses to monitor parking facility operations. (Priority 2)

Recommendation #6:

Terminate its contract with SJP if it fails to commence to cure any of its defaults within 30 days after the Division serves a notice of default.
(Priority 2)

FINDING II

OPPORTUNITIES EXIST TO IMPROVE CONTROLS OVER PARKING FACILITY REVENUES

The City of San Jose uses a variety of revenue control equipment to operate its nine downtown parking facilities. Our review of these parking facilities revealed that:

- The Division can improve controls over revenues and operational efficiencies by using computerized Facility Management System (SCAN System) reports or fee computer tapes;
- Ticket controls need to be improved at some of the City's parking facilities;
- Parking attendants have unnecessary access to parking tickets and cash at the end of their shifts;
- Controls over monthly parking computerized and magnetic permit cards need to be improved; and
- Parking facility equipment maintenance can be improved.

By improving controls over its nine parking facilities, the City can reduce its exposure to revenue losses and increase its operating efficiency.

The Division Can Improve Controls Over Revenues And Operational Efficiencies By Using Computerized Facility Management System Reports Or Fee Computer Tapes

The City of San Jose operates nine downtown parking facilities with a total of 5,501 spaces. (See APPENDIX A and D). These facilities are shown below along with the revenue control equipment in place for each facility.

<u>Parking Facility</u>	Type Of Revenue Control Equipment In Place					
	<u>SCAN System</u>	<u>Register/ Fee Computer</u>	<u>Card Reader</u>	<u>Time Clock</u>	<u>Coin Machine</u>	<u>Coin Box</u>
Lot #1 - Market Street Garage		x	x		x	
Lot #2 - Third Street Garage	x	x	x		x	
Lot #6 - Fountain Alley				x		
Lot #8 - North San Pedro						x
Lot #19 - Block Six Garage	x	x	x	x	x	
Lot #20 - Block 4						x
Lot #24 - Block 3				x		x
Lot #25 - Cristina-Hall		x	x			
Lot #26 - Convention Center	x	x				

Source: Equipment Inventory List prepared by the City's Parking Division

The City owns a \$252,000 Facility Management System ("SCAN System") which, among other things, can produce daily revenue reports for those facilities that are connected to the system. As is shown above, the SCAN System is connected to computers in Lots #2 and #19, and will soon be operational at the Convention Center Garage. The City also owns a number of fee computers that are used in Lots #1, #2, #19, #25, and #26. These fee computers can generate tapes, similar to cash register tapes, which summarize daily transactions.

Our review revealed that the Parking Division is not using the SCAN System reports nor the fee computer tapes for revenue control purposes. By using these reports and tapes for revenue reconciliation purposes the Division would not only improve its control over parking revenues but would increase its operating efficiency. These increased efficiencies would allow the Division's staff to do other necessary work.

As of June 1989, an Account Clerk II in the Parking Division spends seven to eight hours per day either reconciling the parking revenues that are shown on Daily Activity Worksheets or accounting for tickets. (See APPENDIX C: Off-Street Parking Procedure Manual - Processing Of Daily Worksheets and APPENDIX E: Daily Activity Worksheet). Our review revealed that the SCAN System and fee computers can be programmed to produce automatically what is now produced manually. Specifically, the information that can be automatically generated includes:

- the total number of tickets issued and collected by shift;
- the total revenues collected by shift;
- the total number and types of validations collected by shift; and
- the hours worked by each attendant.

Currently, Lots #1, #2, #19, #25 and #26 can be programmed to produce the above information automatically. According to the Account Clerk II, who does the reconciliations and tickets accounting, automating these five lots would save her about five hours a day. By freeing up these five hours per day, the Account Clerk II could perform a number of functions to improve revenue controls. Some of these functions include inspecting operations at Lots #6, #20 and #24 (see page 36), and updating the Monthly Permit Log (see page 40).

It should be noted that, although desirable, linking all of the nine parking facilities to one central computer system is not practical at this time. This is because of uncertainties regarding the future of five of the nine Lots (#6, #8, #20, #24 and #25).

Specifically, the Redevelopment Agency is scheduled to develop Lot #6 (Fountain Alley) in 1992-93 and Lot #20 (Block Four) in the near future.

The City will turn lot #24 (Block Three) over to a private developer as part of a Redevelopment Agency development agreement. A developer owns and leases lot #25 (Cristina-Hall) to the City. Finally, the future of Lot #8 (North San Pedro/Bassett) is not defined.

The Parking Manager agrees that all parking facilities should be linked to a central computer. However, the Manager wants to hire a consultant to look at the parking equipment situation before committing to buying a complete system. In the meantime, the Manager will include money for new equipment in the ten-year capital budget that he is preparing as part of his business plan.

Another computerized revenue control issue that the City needs to determine is the appropriate location of the central computer. The SCAN System computer that controls lots #2, #19 and #26 is physically located and under the control of AMPCO staff at lot #1. This poses two problems. First, AMPCO staff have direct access to the City's revenue control computer system. This situation, by definition, exposes the City to a degree of risk regarding revenue losses. A second problem relates to the fact that SJP, an AMPCO competitor, operates lots #6 and #19. As such, SJP is uncomfortable with AMPCO having direct access to some of their operating information. This is especially true for any such information that SJP considers proprietary in nature.

Further, because AMPCO has physical possession of the SCAN System, it can influence how effectively SJP provides some services, such as magnetic cards, to its clients (See page 40). Accordingly, control over and

the physical location of the SCAN System computer should be a part of the Parking Division Manager's business plan strategy.

Ticket Controls Need To Be Improved At Some Of The City's Parking Facilities

Controls over tickets are not adequate at some of the City's parking facilities. Specifically, the City has not invoiced the parking contractors for missing tickets at Lots #2, #6, #19, #24 and #25. In addition, at Lots #20 and #24, customers do not take tickets from ticket spitters. Instead, parking attendants hand out the tickets. This is frequently true at Lot #6 also, because an existing ticket spitter frequently breaks down.

The City Has Not Invoiced The Parking Contractors For Missing Tickets At Certain Lots

The City's agreement with AMPCO states in part:

*"All tickets not accounted for to the Director's satisfaction shall be deemed to have been issued by Contractor, and Contractor shall pay City therefore at the average ticket value applicable to the particular Site on the date the unaccounted for ticket was issued by Contractor."*²²

However, from March 1988 through February 1989, the City did not bill AMPCO for any unaccounted for tickets at the following parking lots:

²² Agreement between the City and AMPCO for the term from January 1989 through June 1989.

<u>Parking Lot #</u>	<u>Number Of Missing Tickets</u>	<u>Estimated Value Of Unbilled Tickets</u>
#2	799	\$1,414
#24	542	618
#25	<u>388</u>	<u>353</u>
TOTALS	<u>1,729</u>	<u>\$2,385</u>

The City does not invoice AMPCO for ticket shortages at Lot #2, because many of the missing tickets are taken by monthly parkers who pull a ticket to enter the lot, discard the ticket and use their permit card to exit. Monthly parkers do this to get around the Hard Antipassback feature of the SCAN System in place at Lots #2, #19, and #26. Hard Antipassback works as follows: *“... anytime a card is used to enter it can be used the next time only to exit; it cannot be used to enter again! This ensures that a single card cannot be shared by multiple users and only one parking space will be used per card”*²³

At Lot #2, exit gate arms are left up after closing time. However, because of the Hard Antipassback feature of the SCAN System, monthly parkers who leave late must still insert their card in the card reader before exiting. If they do not use their card to exit, the SCAN System will not register them as having exited and will not allow them to enter the next day. Problems arise when monthly parkers forget to insert their cards before exiting. When they attempt to enter the lot, the next day the SCAN System locks out their card. As a result, these monthly parkers pull a ticket from the spitter to enter, throw it away and exit by using their card. This situation results in a lessening of internal controls over revenues.

²³ Suresh H. Gajwani, President of Federal APD, “Making Antipassback Work for you ... The Right Way,” Parking, Winter 1983, p. 33.

According to Mr. Suresh H. Gajwani, president of a parking equipment vendor, the problem may be solved using a Soft Antipassback feature that is also available on the SCAN System. Soft Antipassback “is based on two principles:

1. Worry only about repeat offenders.
2. Let the manager decide who is really the crook; don’t let the computer decide.”²⁴

Mr. Gajwani describes Soft Antipassback as follows:

“In the case of Soft Antipassback we don’t lock anybody in or out--we just report his number on the printer with a special message. It is the manager’s responsibility to note these illegal users and keep a daily record. If he sees a repeat offender, he contacts him personally with a complete record of abuses and gets to the heart of the problem. Also, if he wants to lock him in, he can easily do that by voiding out his number from the computer memory. This memory is completely separate from the Antipassback memory and hence is not subject to the same type of errors. Some of the benefits of this approach are:

1. *The legal users who happen to get caught by a temporary problem are not inconvenienced.*
2. *When the manager does identify a true offender, he can accumulate all the substantiation he may need to make a foolproof case.*
3. *If he detects a pattern of equipment irregularities he has the records to support his case with the service organization that is maintaining the equipment.*
4. *The manager can handle the illegal user properly. The cashier who has to intervene in the case of a hard lockout may not be tactful in handling the situation.*
5. *The manager still has the option to void out a particular card number, so he still has the hard lockout control he may choose for some offenders. But now, he is the decision maker...not the computer.”*²⁵

²⁴ Gajwani, “Making Antipassback...,” p. 35.

²⁵ Gajwani, “Making Antipassback...,” p. 35.

In addition, using a Soft Antipassback approach for Lots #2, #19, and #26 would improve controls over tickets and allow the Division to bill the contractor for missing tickets.

The City does not invoice AMPCO for ticket shortages at Lots #24 and #25, because inadequate fencing in certain sections of the lots has allowed some vehicles to exit illegally. The fencing at Lot #24 has been improved recently, and the fencing at Lot #25 will be improved once the City owns the property where the Terry Hotel now stands. The City should start charging AMPCO for missing tickets at Lots #24 and #25 once the fencing is repaired.

Finally, the City does not invoice SJP for any ticket shortages at Lots #6 and #19. As was noted earlier, the City failure to bill SJP from May 1988 through February 1989 has potentially cost the City \$4,759.50 (See page 20- 21).

Instead Of Ticket Spitters, The Attendants Hand Out The Tickets At Certain Lots

At Lots #20 and #24, instead of having the customers take the tickets from ticket spitters, the attendants hand out the tickets. The same is often the case at Lot #6 where an existing ticket spitter frequently breaks down. At Lots #6 and #24, the attendants use a time stamp to record when vehicles enter and exit the parking lots. The attendants then calculate the parking fee and collect money from the customers when they exit. At Lot #20, parking is prepaid. That is, the attendant collects the parking fee before letting the

vehicles in the lot. The attendant keeps part of the ticket, gives part to the customer, and places a ticket stub under the vehicle's windshield wiper.

At these three lots, the potential for attendant embezzlement or errors is higher than at other facilities. For example, attendants at these three lots are required to issue only City of San Jose parking tickets. These tickets are stamped with "City of San Jose," a ticket number, and the lot number. The risk at these lots is that attendants could substitute their own tickets and pocket the money collected. It should be noted that on at least one occasion, the City ran out of preprinted tickets and an emergency batch of 10,000 tickets with only ticket numbers on them was used at a City lot.

Ticket substitution is a real possibility given that most parking customers would not notice the difference between an official City parking ticket and a substitute ticket. This condition, coupled with the errors that are inherent to manual fee calculations, requires additional controls over Lots #6, #20 and #24. Specifically, the City should make unannounced inspections at these lots. At Lot #20, City inspectors should make sure that all the vehicles have a City of San Jose ticket showing on the dashboard and a ticket stub under the windshield wiper. These inspectors should also identify themselves to a few customers and ask them how much they were charged for parking. At Lots #6 and 24, the inspectors should identify themselves to a few customers and ask to see their tickets. The contractors' clerical staff and the Parking Division's Account Clerk II's already audit the tickets from Lot #6, #20, and #24 daily for manual calculating errors.

Parking Attendants Have Unnecessary Access To Parking Tickets And Cash At The End Of Their Shifts

At the end of their shift, parking attendants separate the tickets and record in the Daily Activity Sheet how many tickets, worth specific amounts, such as \$0.75, 1.50, 2.00, and 2.50, were collected. This process allows the attendants to know how much money they must remit. Knowing this, an attendant could pocket any overages which should go to the City.²⁶

Having the parking attendants separate and record parking tickets into amounts makes the City's auditing of tickets later on an easier task. However, the potential for lost revenue needs to be addressed. In our opinion, one solution would be to restrict access to parking receipts after they are collected. This could be done if the contractors provide attendants with locked boxes. The attendants would deposit large denomination bills into the locked box as received. The attendants could make change from a separate change fund. The contractor's cashiers would have the keys to the locked boxes. They would count the cash, prepare cash reports and make the bank deposit. The contractor's supervisors would compare the fee computer tapes, the SCAN System reports and the Daily Activity Sheets to the cash reports and copies of the deposit slips. An added benefit of locking away large denomination bills would be to discourage robbery.

²⁶ Management Agreement between the City and SJP, p. 13; and Management Agreement between the City and AMPCO, p. 11.

Controls Over Monthly Computerized And Magnetic Permit Cards Need To Be Improved

Control over monthly computerized and magnetic permit cards is inadequate. Specifically, parking contractors are not turning over to the City as required, those monthly permit cards that are either customer returned or damaged. In addition, the City is not confirming that those customer returned or damaged cards are not in use. Finally, one of the contractors must rely on another competitor contractor to activate and deactivate the monthly permit cards for the parking lots it operates.

The Off-Street Parking Procedure Manual prescribes how the City is to issue and account for monthly computerized (Lot #1) and magnetic permit cards (Lot #'s 2 and 19). The following is a summary of the Manual's requirements:

1. The contractors must turn in a list at mid-month showing the number of permits needed for the next month at each lot.
2. The Parking Division is to list in numerical order the computerized and magnetic cards to be issued on the Permit Sign-Out Sheet.
3. The contractors are to pick up the permits and a copy of the itemized list, and sign the Permit Sign-Out Sheet.
4. The contractors must return the previous month's unsold permits together with a Monthly Permit Report.
5. The Parking Division should verify that the number of unsold permits is the same as noted on the report and check the permit numbers off of the Monthly Permit Log Book.

6. The contractors must return to the Parking Division all customer-returned or damaged permits.
7. The Parking Division should check all permit numbers off of the Monthly Permit Log Book, separate defective cards from those that are reusable, add all reusable cards to a permit inventory, and record all defective cards before putting them aside for destruction.

The City and the Parking Contractors are not adhering to the above requirements. Specifically, the contractors are not returning to the City either the unsold permits or the customer-returned permits and the City is not confirming that those permits are not being used.

AMPCO prepares a Monthly Parking Permit Report every month which summarizes which permits have been activated, deactivated or damaged. AMPCO 1) keeps the permits, 2) reissues the ones that are in good condition, and 3) stores the ones that are damaged for later destruction. At AMPCO's office we found a shoe box full of damaged cards. SJP writes on a form those cards that need to be activated or deactivated for Lot #19. SJP turns this form in to the City and the City transmits it to AMPCO for action. As was noted earlier, this practice is necessary because AMPCO has physical possession of the SCAN System at AMPCO's Market Street Garage office. SJP also 1) keeps the permits, 2) reissues the permits that are in good condition, and 3) destroys the permits that are damaged.

The above practices expose the City to revenue losses. Specifically, these practices allow contractors to issue monthly permit cards without the City's knowledge. Our review revealed that both contractors are holding on to the permits because it is "more convenient" than returning them and having to request new ones back. The Parking Division's staff have allowed

the present practice to exist because they do not have time to update the Monthly Permit Log. By automating some of the Division's manual processes (see page 30), the Division could have additional staff time to maintain a tighter control over monthly permit cards.

As was noted on page 31, SJP does not have access to the SCAN System to activate or deactivate monthly permit cards. This not only creates problems for SJP but for the City as well. For example, when SJP needs to activate or deactivate cards they must turn in a form to the City listing the cards' numbers. The City then transmits the request to AMPCO for action. Unfortunately, AMPCO has been taking as long as two weeks to activate or deactivate the cards for SJP's parking lots. As a result, a customer's card could be deactivated while the customer is in the parking lot. Even if the customer pays to have the card reactivated, AMPCO may take two weeks to do so. This can create a public relations problem for the City. This is especially true when first-time customers pay for cards and then have to wait up to two weeks to use them.

Our review revealed that it would be relatively easy to give SJP direct access to the SCAN System. The City would need to purchase a Mini SCAN hand-held computer for Lot #19. SJP could then connect the Mini SCAN to the parking equipment at Lot #19 as needed to activate or deactivate monthly permit cards. These changes could then be uploaded to the SCAN System for reporting purposes. This option would only cost the City about \$600 for the Mini SCAN hand-held computer.

As was noted earlier, the City needs to assess its long term parking lot computer needs. However, in the interim the Mini SCAN hand-held computer is a practical solution.

Parking Facility Equipment Maintenance Can Be Improved

Maintenance for parking facility equipment can be improved. Specifically, by implementing a preventive maintenance program, the City can protect its investment in equipment and reduce its exposure to revenue losses. The City's fee computers alone cost from \$9,000 to \$12,500 each. Being outside, the equipment requires preventive maintenance care to work properly and to protect the City's investment. Without preventive maintenance, the City may have to replace this equipment sooner than it would with preventive maintenance. In addition, internal controls and efficiencies are sacrificed when the equipment must be repaired off-site. Without the equipment, parking attendants must perform their tasks manually. This increases the likelihood of errors and exposes the City to revenue losses. Further, the Parking Division's staff must spend time reviewing Daily Activity Worksheets. This is more time consuming than reviewing equipment generated computer reports or fee computer tapes.

When questioned about contracting with a company for preventive maintenance, the Parking Manager agreed with the concept. In addition, the Manager added that a preventive maintenance program for the parking structures themselves is also necessary.

CONCLUSION

Our review of controls over parking facility revenues revealed that the Parking Division staff are not using SCAN System or the fee computer generated tapes for revenue reconciliation purposes. Instead, the Parking Division, AMPCO and SJP follow a time consuming manual procedure to prepare and review Daily Activity Sheets and to count and audit tickets. In addition, controls over parking tickets are not adequate at some of the parking facilities. The City has not invoiced the parking contractors for missing tickets at five lots and parking attendants hand out the tickets at two and sometimes three lots. Further, parking attendants have unnecessary access to parking tickets and cash at the end of their shifts. Also, control over monthly computerized and magnetic permit cards is inadequate. Procedures outlined in the Off-Street Parking Procedure Manual are not being followed and one contractor does not have access to the SCAN System to activate and deactivate monthly permit cards. Finally, maintenance for both parking facilities and equipment could be improved. As a result, the City is exposed to revenue losses and inefficient uses of staff resources.

RECOMMENDATIONS

We recommend that the Parking Operations Division:

Recommendation #7:

Hire a parking consultant to evaluate the feasibility of a computerized Facility Management System that will do the following:

1. Allow operators to monitor, control and program fee computers, monthly permit card readers and parking gates for all the facilities from one central location; and
2. Produce reports which show revenue collected per shift, tickets issued and collected per shift, number and types of validations collected per shift, hours worked by each attendant, and monthly permits activated and deactivated each month.

The parking consultant shall also address where the Facility Management System should be located. (Priority 2)

Recommendation #8:

Use SCAN System and fee computer-generated reports to reconcile revenues and tickets for Lots #1, #2, #19, #25 and #26. (Priority 2)

Recommendation #9:

Consider a Soft Antipassback policy for Lots #2, #19, and #26 and start charging contractors for missing and unaccounted for tickets at Lots #2, #6, #19, #24, #25, and #26 accordingly. (Priority 1)

Recommendation #10:

Conduct unannounced inspections at Lots #6, #20 and #24 to determine that 1) all vehicles in Lot #20 have a City of San Jose ticket showing on the dashboard and a ticket stub under the windshield wiper, 2) customers were charged the right amount, and 3) only official City of San Jose tickets were issued. (Priority 2)

Recommendation #11:

Require contractors to provide parking attendants with locked boxes. Attendants should deposit large denomination bills into the locked box as cash is received and make change using a separate change fund. Office cashiers should count parking receipts prepare cash reports and make deposits. Supervisors should compare fee computer tapes, SCAN System reports and Daily Activity Sheets to cash reports and copies of deposit slips. (Priority 2)

Recommendation #12:

Adhere to Off-Street Parking Procedure Manual requirements regarding control over monthly computerized and magnetic permit cards. (Priority 2)

Recommendation #13:

Purchase a Mini SCAN hand-held computer for Lot #19 to activate and deactivate monthly permit cards. (Priority 2)

Recommendation #14:

Hire a consultant to prepare a preventive maintenance schedule for the physical parking structures and equipment. (Priority 2)

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